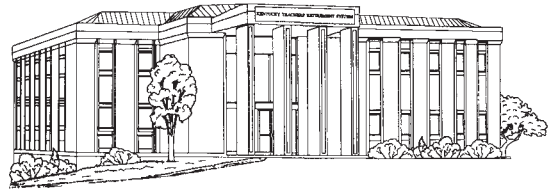


KTRS NEWSLETTER

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

ACTIVE MEMBER EDITION
SUMMER 2005



2006 Legislative Session Will Be Important to Retiree Health Care

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The Governor's Office for Policy and Management (GOPM) is responsible for the preparation of the Executive Budget as well as the implementation and oversight of the Budget of the Commonwealth as enacted by the General Assembly. The preparation of the budget includes assisting state agencies with their budget requests, analyzing the requests, and making recommendations to the Governor. The Governor files the completed Executive Budget with the House of Representatives (House) and a member of the House sponsors the Governor's budget bill. The House reviews the Governor's recommended budget bill, makes amendments to that bill, or introduces its own bill. When a House version of the budget bill is finalized, it is sent on to the Senate. The Senate reviews the House version, makes amendments to that bill, or introduces its own bill. When both the House and Senate have agreed on any amendments, the bill goes back to the Governor for his signature into law. The budget may also become law when the Governor does not veto it during the veto period, or he may elect to veto the budget bill in full or by line item. If this occurs, the General Assembly has the opportunity to override the Governor's veto.

To assist GOPM, the Legislative Research Commission Subcommittee on 2006-2008 Budget Preparation and Submission has begun its task of collecting information from the various agencies for use in preparation of Agency Budget Requests.

KTRS has already submitted a request for funding for its Medical Insurance Fund.

At the conclusion of the 2005 General Assembly, both the House and Senate final versions of the Executive Budget (identified as House Bill 267) contained a vehicle to achieve the total funding requested for the current biennium in the amounts of \$29 million for fiscal year 2004-2005 and \$62 million for fiscal year 2005-2006, for a total of \$91 million. This bill was signed into law by the Governor on March 20, 2005. KTRS was extremely fortunate that the additional funding needed for medical insurance was secured in the 2005 Session. However, due to the limited availability of new funds in the state budget, the only means available for funding the \$91 million needed by the KTRS medical insurance program for the 2004-06 biennium was to amortize the cost over a ten-year period. While the amortization method was a solution in the short-term for 2004-06, it is important to remember that this appropriation was made possible under House Bill 434 enacted during the 2004 Regular Session of the General Assembly, and that it provides the funding needed only for the 2004-2006 biennium. To secure the funding that will be needed to maintain the medical insurance program, it will be necessary to continue to request funding under House Bill 434 in each biennial budget,

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2006 Legislative Session
Will Be Important to Retiree Health Care continued . . .

beginning with the 2006-2008 budget that will be enacted during the 2006 Session of the General Assembly.

The Governor and the General Assembly have a difficult task in apportioning limited public monies among the various funding requests. The KTRS

medical insurance plan was established in 1964 with the inception of Medicare, and has now provided important medical cost support for KTRS retirees for more than 40 years. KTRS staff will devote its full attention to requesting that the Governor and General Assembly include funding in the 2006-2008 budget for the medical insurance plan for KTRS retirees as provided in House Bill 434.

Virginia L. Murrell Leaves Board of Trustees



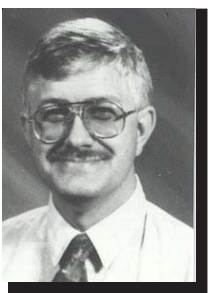
Miss Murrell represented retired members on the KTRS Board of Trustees from January 30, 1988 to June 30, 2005, and served as Board Chair from July 1, 1992 to June 30, 2005. She has the distinction of having served as president of the Kentucky Education Association and president of the Kentucky Retired Teachers' Association. Her educational achievements include a B.S. degree from the University of Kentucky, M.A. degree from Columbia University, as well as graduate work at the Cincinnati Conservatory of Music. She served as music supervisor in the Bellevue Public Schools for 35

years. In addition to serving as the elected president of the state's largest retired and active teacher associations, Miss Murrell's positions of leadership in public education include president of the Kentucky Choral Directors' Association, president of her local and district education associations, state president of Delta Kappa Gamma, member of the National Education Association's Board of Directors, and award of a life membership in the Kentucky PTA.

Miss Murrell was a most dedicated member of the Board of Trustees and worked to protect the System as well as provide benefits for the active and retired members. We wish Miss Murrell many happy and productive years.

Members Elect Trustees to KTRS Board

The election for the two positions on the KTRS Board of Trustees that were vacated on June 30, 2005, due to the expiring terms of Virginia Murrell and Arthur W. Green, was conducted during May 2005. Chief State School Officer Gene Wilhoit certified the results of the election to the KTRS Board of Trustees.



Arthur W. Green, of Elkton, was re-elected to a four-year term to represent active members. Mr. Green has represented active members on the Board since 1996 and has served as Board Vice-Chair since 2003. Currently, he also serves on the Board's Administrative Appeals Committee, Insurance Committee, Investment Committee, Legislative Committee, Nominating Committee, and Personnel Committee. Mr. Green has taught agriculture for more than 30 years at Todd County Central High School, and is an active member of the Kentucky Education Association at the local, district and state levels, serving on numerous committees. His term of office began July 1, 2005 and will end June 30, 2009.



Barbara G. Sterrett, of Lexington, was elected to a four-year term to represent retired members and will assume the seat vacated by Virginia Murrell. Ms. Sterrett, who represented active members on the Board from 1990 until her retirement in 2003, taught mathematics for 30 years at Lafayette High School. Currently, she substitutes in the Fayette County Schools, works with the Lexington League of Women Voters and is a member of KEA-R, KRTA and Alpha Delta Kappa. Her term of office began July 1, 2005 and will end June 30, 2009.

Chair & Vice-Chair Elected to KTRS Board of Trustees

Arthur W. Green was elected chair of the Board of Trustees for the 2005-2006 fiscal year at the Board meeting held June 20, 2005. Mr. Green has represented active members on the Board since 1996 and has served as the Board's vice-chair since 2003.

At this same meeting, **Dr. Zella F. Wells**, of Paintsville, was elected as vice-chair for the 2005-2006 fiscal year. Dr. Wells has represented active members on the Board since 2004.

Important Information Regarding Post-Retirement Employment and the Daily Wage Threshold

When KTRS retirees are re-employed in covered positions in the new part-time and full-time programs the maximum daily rate of pay that may be earned is set by the Daily Wage Threshold (DWT). The DWT is determined by the daily rate of pay received by the member in their last year of covered employment prior to retirement. Retirees who retired with 30 or more years of service have a DWT of 75% of their last daily rate of pay and retirees who retired with less than 30 years of service have a DWT of 65% of their last daily rate of pay. Non-qualified service credit purchases do not count toward the 30 years. The DWT for all retirees who were retired as of July 1, 2002 is established at 75%. Retirees who have been retired for at least one year receive annual increases in their DWT according to the annual increase in the Consumer Price Index (CPI).

Occasionally, a KTRS retiree who has returned to covered employment under one of the new programs established by the 2002 General Assembly will exceed their Daily Wage Threshold. When this occurs the retiree is required to either remit the overage to KTRS or they may elect to have their KTRS annuity reduced by a similar amount until the overage is recovered. KTRS desires for all retirees to avoid these violations and would like to identify for the membership situations that cause the DWT violations to occur. Among these situations are retirees who earned a daily rate of pay in excess of their DWT, retirees who received compensation for extra services that caused them to exceed their DWT, and retirees who are employed for more days than the sixty-nine percent (69%) maximum permitted in the new part-time program.

KTRS retirees earn service credit and salary credit for part-time and/or full-time post retirement employment that occurs during the normal/regular school workday for KTRS employees. However, when receiving a pension from KTRS, most post-retirement employment has limits for both service credit and salary credit. Work performed outside regular hours/days will not count toward service credit.

KRS statutes that govern the awarding of service credit permit individuals who are employed in positions

that include a minimum of 185 days up to a maximum of 261 days to earn one (1.00) full year of service credit. No one is permitted to earn more than one full year of service credit in a fiscal year.

The DWT applies to all money earned from KTRS employers during a regular school calendar year (July 1 – June 30). When a retiree works one full day during the school year and is paid their DWT, the retiree is prohibited from performing additional duties outside that regular day or they will exceed their DWT.

Currently retirees may be reemployed in KTRS positions under the new part-time or full-time programs, the part-time or full-time Critical Shortage programs, the old 100-day program or the Waiver option. Retirees' participation in the old 100-day program requires that they were retired by July 1, 2002 and have not worked under any other return to work program. This program will sunset on June 30, 2007.

Each retiree who returns to covered employment is responsible for knowing the return to work program in which they are employed. When a retiree elects to change programs, it is their responsibility to complete a new form F-1RET and send it to KTRS. This form should be obtained from the employer.

All retirees reemployed in the new full-time and Critical Shortage programs must receive KTRS approval on form RET-FT annually, and must also complete a new form F-1RET, annually.

Also be reminded that all retirees who return to KTRS covered employment must first experience the required BREAK IN SERVICE. Failure to observe the required BREAK IN SERVICE will cause the member's retirement to be voided and all pension funds received to be returned to KTRS.

Knowing the service credit, salary credit, break in service, and DWT limits will help to make post-retirement employment enjoyable and productive. KTRS encourages you to contact one of our counselors if you have any questions about post retirement employment or the DWT.

Have You Thought About Attending the KTRS Mid-Career Planning Workshops or Pre-Retirement Seminars?

“The workshop was more personalized than I thought it would be.” “I feel this workshop is a must for members with less than 20 years of service.” “Everyone should consider attending this workshop soon after they begin their career.” These are actual statements from KTRS members who have attended our mid-career and pre-retirement seminars this year.

For several years, KTRS has offered between 30 to 40 workshops designed to assist members with pre-retirement and mid-career planning. KTRS staff are also available to come to school districts, universities and other employers to conduct these workshops, when the employer can guarantee a minimum number in attendance. The pre-retirement seminars were developed around a program to target those members who are 5 to 7 years from retirement. These seminars provide an excellent opportunity to become more acquainted with the retirement process, interact with peers and colleagues who are thinking seriously about retirement, and obtain answers to the retirement questions you have always wanted to ask. Seminar topics include pre-retirement debt reduction, planning a supplementary retirement nest-egg, increasing service credit, things to do the last twelve months before retirement, how to calculate your retirement income, post-retirement employment, health insurance, and much more. Planning for retirement is more important now than ever! Hundreds of members attend these sessions each year and often remark that they wish they had taken the opportunity to attend one of these sessions earlier in their career in order to help with decisions that lead to a successful retirement.

The mid-career planning program primarily targets members with less than 20 years of service, although any KTRS member is welcome to attend. These are the crucial years for making the decisions that are necessary for a sound financial plan which will lead the member into retirement. Topics for the sessions include such items as how to save and invest money, why it is important to keep your retirement account up to date and the legal importance of protecting what you have acquired. Participants may bring a calculator to figure preliminary benefits as they are discussed. All seminars and workshops provide updates on new legislation and its impact on the member and KTRS. One member put it this way when asked what was the most beneficial part of the mid-career workshop – “Clarification of specifics, demystifying the retirement process, and banishing faculty lounge myths!”

We hope to see you at a seminar. However, if you can't attend a seminar, we encourage and recommend that you request an audit of your retirement account sometime prior to retirement. This audit ensures that your salary and service credit are correct and will enable your retirement application to be processed without any unnecessary delays. Many retiring educators will want a personal retirement counseling session sometime during the year prior to retirement. Remember, this one-on-one session is usually held in Frankfort with one of the KTRS retirement counselors. No appointment is necessary; the office hours are 8:00 am to 4:30 pm, Monday through Friday. Feel free to call KTRS at (800)618-1687 for directions and a list of the things you need to bring.

During the school year, Mid-Career Planning Workshops are held in the evenings and Pre-Retirement Seminars are held on Saturday mornings. In the summer all workshops are held on weekday mornings, usually at a state resort park. If you would like to attend one of these sessions, please complete the registration form found on page A5 of this newsletter and return it to the KTRS office. You may also call our toll free number 1-800-618-1687 and register by phone, or you may register at the KTRS website www.ktrs.ky.gov. After your registration is received, KTRS will send you an acknowledgement letter approximately two weeks prior to the workshop date. If the seminar is full, you will be placed on a waiting list and notified if an opening becomes available.

More than 20% of Kentucky educators will be eligible to retire in the next five years. With this in mind, and with your help, KTRS will continue to make retirement a positive and enjoyable experience for all future retirees.

Out of State Teaching, Federal Head Start & Peace Corps Service

The formula for purchasing out-of-state teaching, federal Head Start and Peace Corps service changed to full actuarial cost effective July 1, 2005. All purchases of these types of service credit will now be at full actuarial cost as are the purchases of other types of service credit.

Do You Have Unpaid Days This Year?

Full-time members who had unpaid contract days in the 2004/2005 fiscal year should contact KTRS about their eligibility to obtain full service and/or salary credit. **The deadline for purchasing this type of credit is December 31, 2005.**

Members granted leaves of absence in 2004/2005 should contact KTRS about recovering this credit. **The deadline for this type of purchase is June 30, 2006.**

Please Review Your 2005 Annual Statement

The Kentucky Teachers' Retirement System annual statements for fiscal year ending June 30, 2005, will be mailed in September 2005. The accuracy of the information contained in this statement is important to your retirement and serves as the basis for preparing an estimate of your retirement benefits. The salary and service credit reflected on your statement was furnished by your employer. To assist members in maintaining accurate retirement accounts, KTRS will perform service credit audits on accounts of members who will be eligible to retire in the next

two years. **You can help by carefully reviewing your statement to assure its accuracy. Please pay particular attention to the total service credit ending balance at June 30, 2005.** Members are entitled to receive a full year service credit if they have no more than five days without pay during a year. If you think your account may have an error, please contact your employer. Your employer will then notify KTRS of errors and/or omissions that need to be corrected.

KENTUCKY TEACHERS' RETIREMENT SYSTEM MID-CAREER PLANNING WORKSHOPS

REGISTRATION

5:30pm - 5:40pm (Local Time)

NEW FALL TIMES FOR SEMINARS

5:40pm - 8:30pm (Local Time)

September 12, 2005

Holiday Inn
University Plaza Hotel
Salon B
1021 Wilkinson Trace
Bowling Green

September 19, 2005

Pine Mountain SRP
Azalea Room
1050 State Park Rd
Pineville

November 1, 2005

Drawbridge Inn
Monks Room
2477 Royal Drive
Ft. Mitchell

November 10, 2005

Best Western - Brownsboro Inn
Onyx Room
4805 Brownsboro Road
Louisville

KENTUCKY TEACHERS' RETIREMENT SYSTEM

PRE-RETIREMENT SEMINARS

REGISTRATION

9:00 A.M. - 9:15 A.M.
(Local Time)

SEMINAR

9:15 A.M. - 1:00 P.M.
(Local Time)

You are invited to attend if you are minimum one year to five years maximum from retirement.

September 17, 2005

Rough River SRP
Lodge Lower Level
450 Lodge Road
Falls of Rough KY

October 15, 2005

Lexington Community College
215 Oswald Bldg. Cooper Drive
Across parking lot from the football stadium
Lexington KY

October 29, 2005

Carter Caves SRP
344 Caveland Drive
Olive Hill KY

November 5, 2005

Jenny Wiley SRP
Wilkinson / Stumbo
Conference Room
75 Theatre Court
Prestonsburg KY

December 10, 2005

Barren River SRP
1149 State Park Road
Lucas KY

Please feel free to bring a snack to have during the seminar.

KTRS SEMINAR OR WORKSHOP PRE-REGISTRATION FORM

Pre-registration for all seminars is **NECESSARY** and offered on a first come, first served basis. Individual retirement estimates will **NOT** be available at these workshops/seminars. **Return this pre-registration form to KTRS or pre-register on-line at: www.ktrs.ky.gov**

This Pre-Registration is for:



Mid-Career
Workshop

Or



Pre-Retirement
Seminar

Name _____ Social Security Number _____ - _____ - _____

Address _____

City/State _____ ZIP Code _____

Name of Employer _____

Home Phone: (_____) _____ Work Phone: (_____) _____

Date of Workshop attending: _____ City of Workshop attending: _____

**** Guests are welcome if seating is available. Priority is given to KTRS Members****

Please return completed registration form to:

Kentucky Teachers' Retirement System ♦ 479 Versailles Road ♦ Frankfort, KY 40601-3800

Get to know your Retirement System with a KTRS Orientation

Several schools, as well as entire districts, have requested that KTRS staff meet with educators in their system to provide an orientation on the Kentucky Teachers' Retirement System. Our office can provide a short fifteen-minute summary or a one-hour presentation based on your timing needs.

***"If I had
only known
that when I
first started
teaching."***

Topics that will be covered include benefits of the KTRS defined benefit plan, the advantages of saving early for retirement, the value of retaining one's sick leave days, and information members should know regarding their retirement account. KTRS counselors frequently hear the following comment from career educators: "If I had only known that when I first started teaching."

Knowing this valuable information on the front end of one's career eliminates regrets when a member is nearing retirement.

Please ask your school or district office to contact Sandra Bush at KTRS at 800-618-1687, or email sandra.bush@ky.gov for more information on a KTRS orientation presentation.

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